

NEMAHA CENTRAL UNIFIED SCHOOL DISTRICT NO. 115

STATUTORY BASIS FINANCIAL STATEMENTS
For the year ended June 30, 2012

And

INDEPENDENT AUDITORS' REPORTS

Long CPA, PA
A Professional Association
Certified Public Accountants

Nemaha Central USD 115
Seneca, Kansas

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Financial Statements	1-2
Statement 1	
Summary of Cash Receipts, Expenditures and Unencumbered Cash	3
Statement 2	
Summary of Expenditures – Actual and Budget	4
Statement 3	
Statement of Cash Receipts and Expenditures – Actual and Budget	
General Fund	5
Non-budgeted Funds	6
Notes to Financial Statements	7-15
Federal Program Reports and Schedules	
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	16-17
Independent Auditors' Report on Internal Control Over Financial Compliance Reporting and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	18-19
Schedule 1	
Schedule of Expenditures of Federal Awards	20
Notes to Schedule of Expenditures of Federal Awards	21-22
Schedule 2	
Schedule of Findings and Questioned Costs	23

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	39-40
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB A-133	41-42
Schedule 1 Schedule of Expenditures of Federal Awards	43
Schedule 2 Schedule of Findings and Questioned Costs	44
Notes to Schedule of Expenditures of Federal Awards	45-46

Long CPA, PA

James M. Long, CPA
Shareholder

901 Kentucky, Suite 104
Lawrence, KS 66044
jim@jlongcpa.com

Board of Education
Nemaha Central USD 115
Seneca, KS 66538

785-312-9091
Fax 785-312-9249
Cell 785-766-7556

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

We have audited the financial statements of the individual funds of Nemaha Central USD 115, Seneca, Kansas, as of and for the year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the Kansas Municipal Audit Guide and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

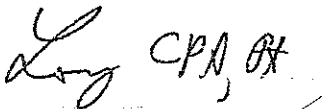
As described more fully in Note 1, the District has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, except for the item described in the preceding paragraph, the financial statements, referred to above, present fairly, in all material respects, the cash and unencumbered cash of Nemaha Central USD 115, as of June 30, 2012 and the revenues it received and expenditures it paid for the year then ended, on the basis of accounting described in Note 1.

Board of Education
Nemaha Central USD 115
Seneca, KS 66538

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements Nemaha Central USD 115, Seneca, Kansas. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, subject to the above qualifications, is fairly stated in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated October 30, 2012, on our consideration of Nemaha Central USD 115 internal control structure and on its compliance with laws and regulations and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, appearing to read "Long CPA, PA", with a stylized flourish at the end.

Long CPA, PA
Certified Public Accountant

October 30, 2012

USD #115 SENECA, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Type Funds							
General Funds							
General	\$ (276,439)	\$ 0	\$ 5,099,777	\$ 5,118,123	\$ (294,785)	\$ 83,877	\$ (210,908)
Supplemental General	45,138	0	969,300	966,670	47,768	215,903	263,671
Special Revenue Funds							
Vocational Education	553,943	767	100,001	319,909	334,802	9,237	344,039
Special Education	461,964	0	758,140	656,965	563,139		563,139
Driver Education	65,280	0	11,131	10,264	66,147		66,147
Food Service	95,250	928	358,109	344,990	109,297	1,118	110,415
Capital Outlay	3,708,176	0	175,158	804,366	3,078,968	696,974	3,775,942
Gifts & Grants	4,548	0	1,421	1,346	4,623	103	4,726
Extraordinary School Program	1,120	0	0	1,120	0		0
Professional Development	82,246	513	30,050	35,154	77,655	1,633	79,288
Summer School	49,365	0	0	1,852	47,513		47,513
Special Education Cooperative	649,761	165	1,423,293	1,527,869	545,350	4,030	549,380
KPERS Special Contribution	0	0	515,066	515,066	0		0
At Risk (K-12)	235,347	0	165,340	164,852	235,835		235,835
At Risk (4-YR)	89,421	0	65,000	55,533	98,888	2,905	101,793
Bond & Interest	305,036	0	440,663	400,189	345,510		345,510
District Activity Funds	84,175	0	153,279	170,088	67,366		67,366
Contingency Reserve Fund	563,024	0	0	0	563,024		563,024
Textbook Rental Fund	230,508	0	20,455	43,316	207,647	12,691	220,338
Title I	0	0	59,671	57,671	2,000		2,000
Title VI - B	0	0	35,648	35,648	0		0
Title IIA - Teacher Quality	0	0	25,997	25,997	0		0
Title IID - Ed Tech	0	0	0	0	0		0
Title IV - Drug Free	0	0	0	0	0		0
Other Grants	1,703	39	45,564	38,137	9,169	2,341	11,510
Perkins Secondary Program	0	0	27,921	27,921	0		0
PEP Grant	0	0	0	0	0		0
Capital Project	1,031,267	0	750	46,105	985,912	881	986,793
Total Reporting Entity	\$ 7,980,833	\$ 2,412	\$ 10,481,734	\$ 11,369,151	\$ 7,095,828	\$ 1,031,693	\$ 8,127,521
Composition of Cash							
Checking Accounts							\$ (289,519)
Petty Cash							1,800
Savings Accounts							4,364,901
Certificates of Deposit							4,111,340
Total Cash							8,188,522
Agency Funds per Statement 4							61,001
Total Reporting Entity							\$ 8,127,521

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2012

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustments to Comply with Legal Max</u>	<u>Adjustments for Qualifying Budget Credits</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Governmental Type Funds</u>						
General Funds						
General	\$ 5,396,749	\$ (339,774)	\$ 61,148	\$ 5,118,123	\$ 5,118,123	\$ 0
Supplemental General	962,250	0	4,420	966,670	966,670	0
Special Revenue Funds						
Vocational Education	427,500	0	0	427,500	319,909	107,591
Special Education	657,000	0	0	657,000	656,965	35
Driver Training	17,550	0	0	17,550	10,264	7,286
Food Service	345,000	0	0	345,000	344,990	10
Capital Outlay	1,652,470	0	0	1,652,470	804,366	848,104
Gifts and Grants	52,515	0	0	52,515	1,346	51,169
Extraordinary School Program	1,120	0	0	1,120	1,120	0
Professional Development	55,790	0	0	55,790	35,154	20,636
Summer School	19,600	0	0	19,600	1,852	17,748
Special Education Cooperative	1,904,000	0	0	1,904,000	1,527,869	376,131
KPERS Special Contribution	631,980	0	0	631,980	515,066	116,914
At-Risk (K-12)	256,195	0	0	256,195	164,852	91,343
At-Risk (4 YR)	60,961	0	0	60,961	55,533	5,428
Bond and Interest	400,189	0	0	400,189	400,189	0

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,203,551	\$ 1,125,494	\$ 78,057
Delinquent tax	3,130	17,453	(14,323)
Motor vehicle tax			0
RV tax			0
Mineral production tax	392		392
Federal grants	2,347	0	2,347
State aid/grants	3,829,209	4,022,892	(193,683)
Charges for services			0
Interest income			0
Miscellaneous revenues	61,148		61,148
Operating transfers		230,910	(230,910)
Total Cash Receipts	<u>5,099,777</u>	<u>5,396,749</u>	<u>(296,972)</u>
EXPENDITURES			
Instruction	2,881,912	2,824,065	(57,847)
Student support services	9,330	21,117	11,787
Instruction support staff	75,876	97,548	21,672
General administration	181,417	230,388	48,971
School administration	375,742	336,954	(38,788)
Operations and maintenance	449,006	454,107	5,101
Student transportation services	241,758	258,065	16,307
Central support services			0
Other support services	89,819	53,470	(36,349)
Food service operations			0
Student activities			0
Facility acquisition and construction services		0	0
Debt service			0
Operating transfers	813,263	1,121,035	307,772
Adjustment to comply with legal max		(339,774)	(339,774)
Adjustment for qualifying budget credits		61,148	61,148
Total Expenditures	<u>5,118,123</u>	<u>\$ 5,118,123</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(18,346)		
Unencumbered Cash, Beginning	(276,439)		
Prior Year Cancelled Encumbrances	<u>0</u>		

Unencumbered Cash, Ending \$ (294,785) *

* See Note 12 (Cash Basis Exception)

See Note 13 (Statutory Presentation)

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
SUPPLEMENTAL GENERAL FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 632,031	\$ 620,716	\$ 11,315
Delinquent tax	2,598	13,269	(10,671)
Motor vehicle tax	78,636	86,370	(7,734)
RV tax	1,043	1,217	(174)
Mineral production tax			0
Federal grants			0
State aid/grants	250,572	239,840	10,732
Charges for services			0
Interest income			0
Miscellaneous revenues	4,420		4,420
Operating transfers			0
Total Cash Receipts	<u>969,300</u>	<u>961,412</u>	<u>7,888</u>
EXPENDITURES			
Instruction	212,626	230,000	17,374
Student support services	29,667	17,850	(11,817)
Instruction support staff	7,790	10,000	2,210
General administration	36,651	48,910	12,259
School administration	9,081	0	(9,081)
Operations and maintenance	188,507	11,090	(177,417)
Student transportation services	10,002	140,400	130,398
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	472,346	504,000	31,654
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits		4,420	4,420
Total Expenditures	<u>966,670</u>	<u>\$ 966,670</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	2,630		
Unencumbered Cash, Beginning	45,138		
Prior Year Cancelled Encumbrances	<u>0</u>		

Unencumbered Cash, Ending \$ 47,768 *

* See Note 12 (Cash Basis Exception)

See Note 13 (Statutory Presentation)

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 VOCATIONAL EDUCATION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>100,001</u>	<u>470,040</u>	<u>(370,039)</u>
Total Cash Receipts	<u>100,001</u>	<u>470,040</u>	<u>(370,039)</u>
EXPENDITURES			
Instruction	293,785	408,307	114,522
Student support services	5,777	5,573	(204)
Instruction support staff	3,050		(3,050)
General administration			0
School administration	17,297	13,620	(3,677)
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>319,909</u>	<u>\$ 427,500</u>	<u>\$ 107,591</u>
Receipts Over (Under) Expenditures	(219,908)		
Unencumbered Cash, Beginning	553,943		
Prior Year Cancelled Encumbrances	<u>767</u>		
Unencumbered Cash, Ending	<u>\$ 334,802</u>		

The notes to the financial statements are an integral part of this statement.

USD #11 SENECA, KANSAS
SPECIAL EDUCATION FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	13,376	4,500	8,876
Operating transfers	<u>744,764</u>	<u>658,595</u>	<u>86,169</u>
Total Cash Receipts	<u>758,140</u>	<u>663,095</u>	<u>95,045</u>
EXPENDITURES			
Instruction	655,341	657,000	1,659
Student support services			0
Instruction support staff			0
General administration	505		(505)
School administration			0
Operations and maintenance			0
Student transportation services	1,119		(1,119)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>656,965</u>	<u>\$ 657,000</u>	<u>\$ 35</u>
Receipts Over (Under) Expenditures	101,175		
Unencumbered Cash, Beginning	461,964		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 563,139</u>		

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 DRIVER TRAINING FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	3,384	2,812	572
Charges for services	7,747		7,747
Interest income			0
Miscellaneous revenues			0
Operating transfers		6,900	(6,900)
Total Cash Receipts	<u>11,131</u>	<u>9,712</u>	<u>1,419</u>
EXPENDITURES			
Instruction	8,523	14,910	6,387
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	1,741	2,640	899
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>10,264</u>	<u>\$ 17,550</u>	<u>\$ 7,286</u>
Receipts Over (Under) Expenditures	867		
Unencumbered Cash, Beginning	65,280		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 66,147</u>		

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 FOOD SERVICE FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	106,901	99,003	7,898
State aid/grants	3,865	3,204	661
Charges for services	189,343	175,239	14,104
Interest income			0
Miscellaneous revenues			0
Operating transfers	<u>58,000</u>	<u>35,000</u>	<u>23,000</u>
Total Cash Receipts	<u>358,109</u>	<u>312,446</u>	<u>45,663</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance	3,758		(3,758)
Student transportation services			0
Central support services			0
Other support services			0
Food service operations	341,232	345,000	3,768
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>344,990</u>	<u>\$ 345,000</u>	<u>\$ 10</u>
Receipts Over (Under) Expenditures	13,119		
Unencumbered Cash, Beginning	95,250		
Prior Year Cancelled Encumbrances	<u>928</u>		
Unencumbered Cash, Ending	<u>\$ 109,297</u>		

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
CAPITAL OUTLAY FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income	69,132	110,000	(40,868)
Miscellaneous revenues	3,452		3,452
Operating transfers	<u>102,574</u>		<u>102,574</u>
Total Cash Receipts	<u>175,158</u>	<u>110,000</u>	<u>65,158</u>
EXPENDITURES			
Instruction	14,705	725,000	710,295
Student support services			0
Instruction support staff			0
General administration	6,546		(6,546)
School administration		12,000	12,000
Operations and maintenance	92,451	477,470	385,019
Student transportation services	669,600		(669,600)
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services	21,064	438,000	416,936
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>804,366</u>	<u>\$ 1,652,470</u>	<u>\$ 848,104</u>
Receipts Over (Under) Expenditures	(629,208)		
Unencumbered Cash, Beginning	3,708,176		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 3,078,968</u>		

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
GIFTS AND GRANTS FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	1,421	27,000	(25,579)
Operating transfers			0
Total Cash Receipts	<u>1,421</u>	<u>27,000</u>	<u>(25,579)</u>
EXPENDITURES			
Instruction	1,346	47,843	46,497
Student transportation services			0
Instruction support staff		4,672	4,672
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,346</u>	<u>\$ 52,515</u>	<u>\$ 51,169</u>
Receipts Over (Under) Expenditures	75		
Unencumbered Cash, Beginning	4,548		
Prior Year Cancelled Encumbrances			

Unencumbered Cash, Ending \$ 4,623

Note - The Gifts and Grants fund is exempt from the budget law by K.S.A. 72-8210

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 EXTRAORDINARY SCHOOL PROGRAM FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	1,120	1,120	0
Student transportation services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student support services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
	<u>1,120</u>	<u>1,120</u>	<u>0</u>
Total Expenditures			
Receipts Over (Under) Expenditures	(1,120)		
Unencumbered Cash, Beginning	1,120		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	\$ <u>0</u>		

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
PROFESSIONAL DEVELOPMENT FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	50		50
Operating transfers	<u>30,000</u>	<u>51,500</u>	<u>(21,500)</u>
Total Cash Receipts	<u>30,050</u>	<u>51,500</u>	<u>(21,450)</u>
EXPENDITURES			
Instruction	41		(41)
Student support services			0
Instruction support staff	35,113	55,790	20,677
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>35,154</u>	<u>\$ 55,790</u>	<u>\$ 20,636</u>
Receipts Over (Under) Expenditures	(5,104)		
Unencumbered Cash, Beginning	82,246		
Prior Year Cancelled Encumbrances	<u>513</u>		
Unencumbered Cash, Ending	<u>\$ 77,655</u>		

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 SUMMER SCHOOL FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers		150,000	(150,000)
Total Cash Receipts	<u>0</u>	<u>150,000</u>	<u>(150,000)</u>
EXPENDITURES			
Instruction	1,852	19,600	17,748
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,852</u>	<u>\$ 19,600</u>	<u>\$ 17,748</u>
Receipts Over (Under) Expenditures	(1,852)		
Unencumbered Cash, Beginning	49,365		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	<u>\$ 47,513</u>		

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
SPECIAL EDUCATION COOPERATIVE
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants	272,299	350,000	(77,701)
State aid/grants			0
Charges for services	615,720	1,407,003	(791,283)
Interest income			0
Miscellaneous revenues			0
Operating transfers	535,274		535,274
Total Cash Receipts	<u>1,423,293</u>	<u>1,757,003</u>	<u>(333,710)</u>
EXPENDITURES			
Instruction	1,236,043	1,527,784	291,741
Student support services	111,884	131,260	19,376
Instruction support staff	18,012	84,063	66,051
General administration	134,081	150,695	16,614
School administration			0
Operations and maintenance	26,504	8,885	(17,619)
Student transportation services	1,345	1,313	(32)
Community support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>1,527,869</u>	<u>\$ 1,904,000</u>	<u>\$ 376,131</u>
Receipts Over (Under) Expenditures	(104,576)		
Unencumbered Cash, Beginning	649,761		
Prior Year Cancelled Encumbrances	<u>165</u>		
Unencumbered Cash, Ending	<u>\$ 545,350</u>		

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 KPERS SPECIAL RETIREMENT CONTRIBUTION FUND
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants	515,066	631,980	(116,914)
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers			0
Total Cash Receipts	<u>515,066</u>	<u>631,980</u>	<u>(116,914)</u>
EXPENDITURES			
Instruction	406,903	489,162	82,259
Student support services	10,301	11,376	1,075
Instruction support staff	5,151	12,640	7,489
General administration	25,753	35,391	9,638
School administration	30,904	29,072	(1,832)
Operations and maintenance	15,452	21,487	6,035
Student transportation services		1,890	1,890
Central support services			0
Other support services	5,151	12,635	7,484
Food service operations	15,451	18,327	2,876
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>515,066</u>	<u>\$ 631,980</u>	<u>\$ 116,914</u>
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	0		
Unencumbered Cash, Ending	<u>\$ 0</u>		

The notes to financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 AT RISK FUND (K-12)
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	<u>Variance- Favorable (Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues	570		570
Operating transfers	<u>164,770</u>	<u>187,000</u>	<u>(22,230)</u>
Total Cash Receipts	<u>165,340</u>	<u>187,000</u>	<u>(21,660)</u>
EXPENDITURES			
Instruction	120,450	207,687	87,237
Student support services	44,402	48,508	4,106
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>164,852</u>	<u>\$ 256,195</u>	<u>\$ 91,343</u>
Receipts Over (Under) Expenditures	488		
Unencumbered Cash, Beginning	235,347		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 235,835</u>		

The notes to financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 AT RISK FUND (4 YR)
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$ 0
Delinquent tax			0
Motor vehicle tax			0
RV tax			0
Mineral production tax			0
Federal grants			0
State aid/grants			0
Charges for services			0
Interest income			0
Miscellaneous revenues			0
Operating transfers	65,000	60,000	5,000
Total Cash Receipts	65,000	60,000	5,000
EXPENDITURES			
Instruction	49,175	54,974	5,799
Student support services			0
Instruction support staff			0
General administration			0
School administration	6,358	5,987	0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	55,533	\$ 60,961	\$ 5,799
Receipts Over (Under) Expenditures	9,467		
Unencumbered Cash, Beginning	89,421		
Prior Year Cancelled Encumbrances			
Unencumbered Cash, Ending	\$ 98,888		

The notes to financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
BOND AND INTEREST FUND
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 323,003	\$ 302,162	\$ 20,841
Delinquent tax	1,032	5,142	(4,110)
Motor vehicle tax	35,145	36,404	(1,259)
RV tax	458	512	(54)
Mineral production tax			0
Federal grants			0
State aid/grants	52,025	52,025	0
Charges for services			0
Interest income	8,000	15,000	(7,000)
Miscellaneous revenues		35,500	(35,500)
Operating transfers	21,000		21,000
Total Cash Receipts	<u>440,663</u>	<u>446,745</u>	<u>(6,082)</u>
EXPENDITURES			
Instruction			0
Student support services			0
Instruction support staff			0
General administration			0
School administration			0
Operations and maintenance			0
Student transportation services			0
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service	400,189	400,189	0
Operating transfers			0
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits			0
Total Expenditures	<u>400,189</u>	<u>\$ 400,189</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	40,474		
Unencumbered Cash, Beginning	305,036		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 345,510</u>		

The notes to financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 ANY NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012

	<u>Contingency Reserve</u>	<u>Textbook Rental</u>	<u>Title I</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants			59,671
State aid/grants			
Charges for services		20,455	
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>0</u>	<u>20,455</u>	<u>59,671</u>
EXPENDITURES			
Instruction		43,316	56,566
Student support services			
Instruction support staff			
General administration			1,105
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>0</u>	<u>43,316</u>	<u>57,671</u>
Receipts Over (Under) Expenditures	0	(22,861)	2,000
Unencumbered Cash, Beginning	563,024	230,508	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>563,024</u>	\$ <u>207,647</u>	\$ <u>2,000</u>

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 ANY NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012

	Title VI-B REAP	Title IIA Teach Quality	Title IID Ed Tech
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$	\$	\$
Delinquent tax			
Motor vehicle tax			
RV tax			
Mineral production tax			
Federal grants	35,648	25,997	
State aid/grants			
Charges for services			
Interest income			
Miscellaneous revenues			
Operating transfers			
	<u>35,648</u>	<u>25,997</u>	<u>0</u>
Total Cash Receipts	<u>35,648</u>	<u>25,997</u>	<u>0</u>
EXPENDITURES			
Instruction	35,648	24,329	
Student support services			
Instruction support staff		1,649	
General administration		19	
School administration			
Operations and maintenance			
Student transportation services			
Central support services			
Other support services			
Food service operations			
Student activities			
Facility acquisition and construction services			
Debt service			
Operating transfers			
Adjustment for qualifying budget credits			
	<u>35,648</u>	<u>25,997</u>	<u>0</u>
Total Expenditures	<u>35,648</u>	<u>25,997</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0	0
Unencumbered Cash, Beginning	0	0	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 ANY NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012

	<u>Title IV Drug Free</u>	<u>Other Grants</u>
CASH RECEIPTS		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants		
State aid/grants		45,564
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<u>0</u>	<u>45,564</u>
Total Cash Receipts		
EXPENDITURES		
Instruction		38,137
Student support services		
Instruction support staff		
General administration		
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u>0</u>	<u>38,137</u>
Total Expenditures		
Receipts Over (Under) Expenditures	0	7,427
Unencumbered Cash, Beginning	0	1,703
Prior Year Cancelled Encumbrances	<u>0</u>	<u>39</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>9,169</u>

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 ANY NONBUDGETED FUNDS
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2012

	<u>Perkins Secondary</u>	<u>PEP Grant</u>
CASH RECEIPTS		
Taxes and Shared Revenue		
Ad valorem property tax	\$	\$
Delinquent tax		
Motor vehicle tax		
RV tax		
Mineral production tax		
Federal grants	27,921	
State aid/grants		
Charges for services		
Interest income		
Miscellaneous revenues		
Operating transfers		
	<u> </u>	<u> </u>
Total Cash Receipts	<u>27,921</u>	<u>0</u>
EXPENDITURES		
Instruction	14,140	
Student support services		
Instruction support staff	10,492	
General administration	3,289	
School administration		
Operations and maintenance		
Student transportation services		
Central support services		
Other support services		
Food service operations		
Student activities		
Facility acquisition and construction services		
Debt service		
Operating transfers		
Adjustment for qualifying budget credits		
	<u> </u>	<u> </u>
Total Expenditures	<u>27,921</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, Beginning	0	0
Prior Year Cancelled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	\$ <u>0</u>	\$ <u>0</u>

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
 AGENCY FUNDS
 Statement of Cash Receipts and Cash Disbursements
 For the Year Ended June 30, 2012

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Payroll clearing	\$ 20120	\$	\$ 19635	\$ 485
High School				
Forensics	1,068	2,481	2,744	805
Textbook	0	7,527	7,527	0
Instructional music supply	0	195	195	0
Home Economics	0	1,585	1,585	0
Sales Tax	0	7,748	7,748	0
Scholar Bowl	3,040	2,243	2,143	3,140
Class of 2011	647		647	0
Class of 2012	12,555	23,843	35,074	1,324
Class of 2013	8,466	9,178	4,405	13,239
Class of 2014	65	21,153	13,645	7,573
Class of 2015	0	265	25	240
Art Club	376	3,406	3,466	316
Metals/Woods/Auto	0	3,510	3,488	22
Cheerleaders	265	6,585	6,403	447
Band	2,639	4,121	294	6,466
Enroll Lunch	21			21
Enrollment Technology	0	2,501	2,501	0
Science Fees	0	870	870	0
Drill Team	891	7,842	7,228	1,505
Keys	3,009	15,727	17,555	1,181
National Honor Society	525	1,006	779	752
NVHS alumni	347	580	684	243
SADD	722	1,656	1,616	762
STUCO	3,148	9,099	9,449	2,798
Junior High School				
8th Grade	330	3,889	4,204	15
Science Olympiad	788	1,553	1,502	839
Teacher Group	1,328	7,251	6,687	1,892
B&B JR/SRHhigh				
Class of 2012	6,572	8,455	15,027	0
Class of 2013	3,822	8,669	6,461	6,030
Class of 2014	1,820	9,225	5,694	5,351
Class of 2015	0	3,136	2,390	746
Enrollment fees	0	22,164	22,164	0
FBLA	0	7,735	7,313	422
FCCLA	1,774	1,355	966	2,163
Junior High	52	101	153	0
PEP Club	797	5,677	5,841	633
SADD	0	279	0	279
Student Council	1,443	7,461	7,833	1,071
Yearbook club	4,745	4,518	9,022	241
Total	\$ <u>81,375</u>	\$ <u>224,589</u>	\$ <u>244,963</u>	\$ <u>61,001</u>

The notes to the financial statements are an integral part of this statement.

USD #115 SENECA, KANSAS
DISTRICT ACTIVITY FUNDS
Statement of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2012

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts							
High school athletics	\$ 5,682	\$	\$ 37,470	\$ 36,378	\$ 6,774	\$	\$ 6,774
Junior High athletics	4,930		6,738	5,984	5,684		5,684
B&B JR/SR high athletics	48,685		36,252	58,666	26,271		26,271
Subtotal Gate Receipts	59,297	0	80,460	101,028	38,729	0	38,729
School Projects							
High School							
Library	450		131	111	470		470
Student Activity	0				-		-
NVHS Plays	2,512		6,543	7,524	1,531		1,531
Pancake grill	858				858		858
Concession Stand	25		18,754	18,709	70		70
Educational Fund	1,436		2,157	2,490	1,103		1,103
Equipment Replacement	2,341		244		2,585		2,585
Flower Fund	148				148		148
Uniform Account	3,626		3,503	2,859	4,270		4,270
Yearbook	6,799		21,223	19,253	8,769		8,769
Junior High School							
Yearbook	1,377		1,956	1,989	1,344		1,344
Vets Day	92		1,246	1,051	287		287
Box Tops	1,232		997	594	1,635		1,635
PR Fund	2,576		2,525	2,090	3,011		3,011
Flower Fund	113		436	195	354		354
New Generations	-		125	-	125		125
AR store	-		1,877	1,091	786		786
Pi Day	438		1,953	1,594	797		797
B&B Projects Funds							
Library	0		500	500	-		-
Scholars bowl	855		730	1,107	478		478
Donations	-		7,919	7,903	16		16
Subtotal School Projects	24,878	0	72,819	69,060	28,637	-	28,637
Total District Activity Funds	\$ 84,175	\$ -	\$ 153,279	\$ 170,088	\$ 67,366	\$ -	\$ 67,366

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 115
Seneca, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies

Financial Reporting Entity

USD No.115 is a municipal corporation governed by an elected seven member board. The district as an entity has been defined to include, on a combined basis, (a) USD No.115 (b) organizations for which USD No. 115 is financially accountable, and (c) other organizations for which the nature and significance of their relationship with USD No. 115 are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. There are currently no organizations which meet the foregoing criteria for being combined in the District's report.

Fund Descriptions

In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year 2012:

Governmental Funds

General Fund – To account for the resources except those required to be accounted for in another fund.

Special Revenue Funds – To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law or administrative action to be expended for specified purposes.

Debt Service Funds – To account for the accumulation of resources for, and the payment of, interest and principal on general long-term debt.

Capital Projects Funds – To account for financial resources to be used for the acquisition or construction of major capital facilities.

UNIFIED SCHOOL DISTRICT NO. 115
Seneca, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds

Agency Funds – To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the statutory basis of accounting.

Departure from Generally Accepted Accounting Principles (GAAP)

The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursement, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenues and matured principle and interest payable, and reservations of fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with United States generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as

UNIFIED SCHOOL DISTRICT NO. 115
Seneca, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Departure from Generally Accepted Accounting Principles (GAAP)
(Continued)

general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

Reimbursed Expenses

Expenditures in the amount of \$ 61,148 are classified as reimbursed expenses in the General Fund. The purpose of these expenditures is payment for goods and services in which fees are collected and such expenditures are exempt from the budget law under K.S.A. 79-2934.

Reimbursed expenses are defined as repayments of amounts remitted on behalf of another party. All reimbursed expenses shown in the financial statements meet the following criteria: 1) the related disbursement was made in the current year on behalf of the payee, 2) the item paid for was directly identifiable as having been used by or provided to the payee, and 3) the amount of the reimbursed expense was directly tied to the amount of the original cash disbursement.

Budgetary Information

Kansas Statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

UNIFIED SCHOOL DISTRICT NO. 115
Seneca, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Budgetary Information (Continued)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenues other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year 2012.

The statutes permit transferring budgeted amounts between accounts within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the city for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds and trust funds and the following special revenue funds:

Textbook Rental Fund	Title IV Fund
Other Grants Fund	Title I Fund
Title IIA Fund	PEP Grant Fund
District Activity Funds	Reap Grant Fund
Contingency Reserve Fund	Title IID Fund
Perkins Secondary Program Fund	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

UNIFIED SCHOOL DISTRICT NO. 115
Seneca, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Inventories and Prepaid Expenses

Inventories and prepaid expenses which benefit future periods are recorded as expenditures.

Use of Estimates

The process of preparing financial statements requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates relate primarily to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 – Deposits and Investments

Deposits

K.S.A. 9-1401 establishes the depositories which may be used by the district. The statute requires banks eligible to hold the district's funds have a main or branch bank in the county in which the district is located and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The district has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the district's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The district has no investment policy that would further limit its investment choices. The district had no investments during 2011.

Concentration of Credit Risk

State statutes place no limit on the amount the district may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

UNIFIED SCHOOL DISTRICT NO. 115
Seneca, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – Deposits and Investments (continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the district's deposits may not be returned to it. State statutes require the district's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2012.

At June 30, 2012, the government's carrying amount of deposits was \$ 8,127,521 and the bank balance was \$ 8,416,656. The bank balance was held by Seneca, KS banks resulting in a concentration of credit risk. Of the bank balance, \$ 500,000 was covered by federal depository insurance and the balance was collateralized with securities held by the pledging financial institutions' agents in the district's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE 3 – Defined Benefit Pension Plan

Plan Description – USD No. 115 participates in the Kansas Public Employees Retirement System (KPERs), a cost sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S. Kansas; Topeka, KS 66603) or by calling 1-888-275-5737.

UNIFIED SCHOOL DISTRICT NO. 115
Seneca, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 3 – Defined Benefit Pension Plan (continued)

Funding Policy – K.S.A. 74-4919 and K.S.A. 74-4921 establishes the KPERS member-employee contribution rates. Effective July 1, 2009 KPERS has two benefit structures and funding depending on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate of 4% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414 (h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutory required employers share.

NOTE 4 – Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the county carries commercial insurance. There have been no significant reductions in coverage from prior years and settlements have not exceeded coverage in the past three years.

NOTE 5 – Compliance with Kansas Statutes

We noted no violations of Kansas Statutes during the period under examination.

NOTE 6 – Compensated Absences

The District does not compensate employees for unused sick, leave, or vacation.

NOTE 7 – Contingency

The District receives federal and state grants for specific purposes that are subject to review and audit by federal and state agencies. Such audits could result in a request for reimbursement by federal and state agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the District's management, such disallowances, if any, will not be significant to the District's financial statements.

UNIFIED SCHOOL DISTRICT NO. 115
Seneca, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Interfund Transactions

Operating transfers were as follows:

From	To	Statutory Authority	Amount
General Fund	Capital Outlay Fund	K.S.A. 72-6428	\$ 102,574
General Fund	Special Education Fund	K.S.A. 72-6428	549,764
General Fund	Food Service Fund	K.S.A. 72-6428	10,000
General Fund	At Risk Fund (4-YR)	K.S.A. 72-6428	60,000
General Fund	At Risk (K-12)	K.S.A. 72-6428	48,000
General Fund	Vocational Education Fund	K.S.A. 72-6428	42,925
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6425	57,076
Supplemental General Fund	Food Service Fund	K.S.A. 72-6425	68,500
Supplemental General Fund	Professional Dev. Fund	K.S.A. 72-6425	30,000
Supplemental General Fund	Special Education Fund	K.S.A. 72-6425	195,000
Supplemental General Fund	At Risk Fund (4-YR)	K.S.A. 72-6425	5,000
Supplemental General Fund	At Risk (K-12) Fund	K.S.A. 72-6425	116,700
Special Education Fund	Special Education Coop	K.S.A. 72-6420	535,274

NOTE 9 – Other Post Employment Benefits

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

UNIFIED SCHOOL DISTRICT NO. 115
Seneca, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 10 – Capital Projects

Capital project authorizations with approved change orders compared with expenditures from inception are as follows:

<u>Expenditures to Date</u>	<u>Project Authorization</u>
\$ 5,728,602	\$ 6,355,000

NOTE 11 – Subsequent Events

Subsequent events for management's review have been evaluated through October 30, 2012. The date in the prior sentence is the date the financial statements were available to be issued.

NOTE 12 – Cash Basis Exception

The State of Kansas statutes exempt all funds from a cash basis violation if the violation was as result of delayed payment by the state.

NOTE 13 – Compliance with K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d)

K.S.A. 72-6417 (d) and K.S.A. 72-6434 (d) requires the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by the Statutes:

Note 13 - Continued

USD #115 SENECA, KANSAS
GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2012

	<u>Actual</u>	<u>Budget</u>	Variance- Favorable <u>(Unfavorable)</u>
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 1,203,551	\$ 1,125,494	\$ 78,057
Delinquent tax	3,130	17,453	(14,323)
Motor vehicle tax			0
RV tax			0
Mineral production tax	392		392
Federal grants	2,347		2,347
State aid/grants	3,847,555	4,022,892	(175,337)
Charges for services			0
Interest income			0
Miscellaneous revenues	61,148		61,148
Operating transfers		230,910	(230,910)
	<u>5,118,123</u>	<u>5,396,749</u>	<u>(278,626)</u>
Total Cash Receipts			
EXPENDITURES			
Instruction	2,881,912	2,824,065	(57,847)
Student support services	9,330	21,117	11,787
Instruction support staff	75,876	97,548	21,672
General administration	181,417	230,388	48,971
School administration	375,742	336,954	(38,788)
Operations and maintenance	449,006	454,107	5,101
Student transportation services	241,758	258,065	16,307
Central support services			0
Other support services	89,819	53,470	(36,349)
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	813,263	1,121,035	307,772
Adjustment to comply with legal max		(339,774)	(339,774)
Adjustment for qualifying budget credits		61,148	61,148
	<u>5,118,123</u>	<u>\$ 5,118,123</u>	<u>\$ 0</u>
Total Expenditures			
Receipts Over (Under) Expenditures	0		
Unencumbered Cash, Beginning	0		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>		

Note 13 - Continued

USD #115 SENECA, KANSAS
SUPPLEMENTAL GENERAL FUND
STATUTORY REVENUES AND EXPENDITURES - STATUTORY AND BUDGET
For the Year Ended June 30, 2012

	Actual	Budget	Variance- Favorable (Unfavorable)
CASH RECEIPTS			
Taxes and Shared Revenue			
Ad valorem property tax	\$ 632,031	\$ 620,716	\$ 11,315
Delinquent tax	2,598	13,269	(10,671)
Motor vehicle tax	78,636	86,370	(7,734)
RV tax	1,043	1,217	(174)
Mineral production tax			0
Federal grants			0
State aid/grants	248,798	239,840	8,958
Charges for services			0
Interest income			0
Miscellaneous revenues	4,420		4,420
Operating transfers			0
Total Cash Receipts	<u>967,526</u>	<u>961,412</u>	<u>6,114</u>
EXPENDITURES			
Instruction	212,626	230,000	17,374
Student support services	29,667	17,850	(11,817)
Instruction support staff	7,790	10,000	2,210
General administration	36,651	48,910	12,259
School administration	9,081		(9,081)
Operations and maintenance	188,507	11,090	(177,417)
Student transportation services	10,002	140,400	130,398
Central support services			0
Other support services			0
Food service operations			0
Student activities			0
Facility acquisition and construction services			0
Debt service			0
Operating transfers	472,346	504,000	31,654
Adjustment to comply with legal max			0
Adjustment for qualifying budget credits		4,420	4,420
Total Expenditures	<u>966,670</u>	<u>\$ 966,670</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	856		
Unencumbered Cash, Beginning	61,514		
Prior Year Cancelled Encumbrances	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 62,370</u>		

UNIFIED SCHOOL DISTRICT NO. 115
Seneca, Kansas

NOTES TO FINANCIAL STATEMENTS

NOTE 14 - Long-Term Debt

Changes in long-term liabilities for the District for the year ended June 30, 2012 were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds 2007 Issue	3.90-5.00%	9/1/09	\$ 6,355,000	9/1/29	\$ 6,285,000	\$	\$ 135,000	\$ (135,000)	\$ 6,150,000	\$ 265,189
Capital Leases:										
None									0	-
Total Long Term Debt					\$ 6,285,000	\$ 0	\$ 135,000	\$ (135,000)	\$ 6,150,000	\$ 265,189
Current maturities of long-term debt for the next five year increments through maturity are as follows:										
		2013	2014	2015	2016	2017	2023-2027	2028-2029	Total	
Principal										
General Obligation Bonds	\$ 150,000	\$ 170,000	\$ 185,000	\$ 205,000	\$ 220,000	\$ 1,440,000	\$ 2,110,000	\$ 1,670,000	\$ 6,150,000	0
Special Assessment Bonds									0	0
Certificates of Participation									0	0
Capital Leases									0	0
Revenue Bonds									0	0
No-Fund Warrants									0	0
Temporary Notes									0	0
Total Principal	150,000	170,000	185,000	205,000	220,000	1,440,000	2,110,000	1,670,000	6,150,000	
Interest										
General Obligation Bonds	257,351	248,976	240,333	231,070	239,252	935,900	578,626	108,975	2,840,483	0
Special Assessment Bonds									0	0
Certificates of Participation									0	0
Capital Leases									0	0
Revenue Bonds									0	0
No-Fund Warrants									0	0
Temporary Notes									0	0
Total Interest	257,351	248,976	240,333	231,070	239,252	935,900	578,626	108,975	2,840,483	
Total Principal and Interest	\$ 407,351	\$ 418,976	\$ 425,333	\$ 436,070	\$ 459,252	\$ 2,375,900	\$ 2,688,626	\$ 1,778,975	\$ 8,990,483	

The notes to the financial statements are an integral part of this statement.

Long CPA, PA

James M. Long, CPA
Shareholder

901 Kentucky, Suite 104
Lawrence, KS 66044
jim@jlongcpa.com

785-312-9091
Fax 785-312-9249
Cell 785-766-7556

Board of Education
Nemaha Central USD 115
Seneca, Kansas 66538

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL COMPLIANCE REPORTING AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of Nemaha Central USD 115 as of and for the year ended June 30, 2012, and have issued our report thereon dated October 30, 2012. In our report, our opinion was qualified due to the use of another comprehensive basis of accounting. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Nemaha Central USD 115's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Nemaha Central USD 115's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis.

Board of Education
Nemaha Central USD 115
Seneca, Kansas 66538

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nemaha Central USD 115 general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Long CPA, PA", with a stylized flourish at the end.

Long CPA, PA
A Professional Association
Certified Public Accountant

October 30, 2012

Long CPA, PA

James M. Long, CPA
Shareholder

901 Kentucky, Suite 104
Lawrence, KS 66044
jim@jlongcpa.com

785-312-9091
Fax 785-312-9249
Cell 785-766-7556

Board of Education
Nemaha Central USD 115
Seneca, Kansas 66538

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Compliance

We have audited the compliance of Nemaha Central USD 115 with the types of compliance requirements described in the U.S. Office Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2012. Nemaha Central USD 115 major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Nemaha Central USD 115's management. Our responsibility is to express an opinion on Nemaha Central USD 115's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence Nemaha Central USD 115's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Nemaha Central USD 115's compliance with those requirements.

In our opinion, Nemaha Central USD 115 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Board of Education
Nemaha Central USD 115
Seneca, KS 66538


Internal Control Over Compliance

The management of Nemaha Central USD 115 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Nemaha Central USD 115's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Nemaha Central USD 115 internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Long CPA, PA
A Professional Association
Certified Public Accountant

UNIFIED SCHOOL DISTRICT #115
Seneca, Kansas

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	Federal Expenditures
<hr/> U.S. Department of Education <hr/>			
Passed through State Department of Education:			
Title I	84.010	*	\$ 59,671
State Grants (Part B Education Act)	84.027	*	225,379
Program Improvement	84.048	*	39,171
Career Ready Kansas	84.051	*	23,314
Early Childhood Aid	84.173	*	7,243
Title II - Teacher Quality	84.367	*	25,997
Education Jobs Fund	84.410	*	2,347
<hr/> U.S. Department of Agriculture <hr/>			
Passed through State Department of Education:			
School Breakfast Program	10.553	*	7,644
National School Lunch Program	10.555	*	92,643
Federal School Food Service	10.560	*	50
Team Nutrition Training Grant	10.574	*	2,750
<hr/> Other Federal Assistance <hr/>			
Direct Programs:			
REAP Grant	84.276	N/A	35,648
Total Federal Assistance			<u>\$ 521,857</u>

* Not available

The accompanying notes to financial statements are an integral part of this statement.

NEMAHA CENTRAL USD 115
SENECA, KANSAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended June 30, 2012

A. Summary of Audit Results

1. The auditors' report expresses a qualified opinion on the general purpose Financial statements of Nemaha Central USD 115.
2. No reportable conditions relating to the audit of the general purpose financial statements are reported in the Independent Auditors' Report on Compliance and on Internal Control over Financial Reporting Based on a Audit of Financial Statements Performed in accordance with Government Auditing Standards.
3. No instances of noncompliance material to the general purpose financial Statements of Nemaha Central USD 115 were disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for Nemaha Central USD 115 expresses an unqualified opinion on all major federal programs.
5. Audit findings relative to the major federal award programs for Nemaha Central USD 115 are reported in this schedule.
6. The programs tested as major programs included:
Department of Education
State Grant (Part B Education Act)
CFDA No. 84.027
7. Nemaha Central USD 115 was determined to be a low-risk auditee.
8. The threshold for distinguishing types A and B programs was \$300,000.

B. Findings – Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Awards Programs Audit

Department of Education
State Grant (Part B Education Act)
CFDA No. 84.027

No findings of noncompliance or questioned costs were noted.

The accompanying notes to financial statements are an integral part of this statement

NEMAHA CENTRAL USD 115
SENECA, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2012

NOTE 1 – Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Nemaha Central USD 115 and is presented on the statutory basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Statutory Basis of Accounting – The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

Nemaha Central USD 115 has obtained a waiver from generally accepted accounting principles which allows the district to revert to statutory basis of accounting.

Departure from Generally Accepted Accounting Principles – The basis of accounting described above results in a financial statement presentation which shows cash receipts, cash disbursements, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and mature principal and interest payable, and reservations of the fund balance are not presented. Under generally accepted accounting principles, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles.

NEMAHA CENTRAL USD 115
SENECA, KANSAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2012

NOTE 1 – Basis of Accounting (ctd.)

Departure from Generally Accepted Account Principles (ctd.) - General fixed assets that account for the land, buildings, and equipment owned by the district are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

NOTE 2 – Pass-Through Awards

Nemaha Central USD 115 receives certain federal awards in the form of pass-through awards from the State of Kansas. Such amounts received as pass-through awards are specifically identified on the Schedule of Expenditures of Federal Awards.

NOTE 3 – Major Programs

In accordance with OMB Circular A-133, major programs are determined using a risk-based approach. Special Education (Part B Education Act) – has been determined by the independent auditor to be a major program.

NOTE 4 – Contingencies

The Cooperative receives funds under various federal grant programs and such awards are to be expended in accordance with provisions of the various grants. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of non-compliance. Managements believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would not have any material financial impact.